

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY DUBLIN

AMEMBASSY OTTAWA

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: TARIFF COMMISSION REPORT ON CERTAIN DAIRY
PRODUCTS

REF: STATE 154300

1. (A) THE TARIFF COMMISSION, IN A REPORT TO THE PRESIDENT
MADE PUBLIC JANUARY 24, HAS RECOMMENDED (WITH TWO MEMBERS
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DISSENTING) THAT THE NONFAT DRY MILK ANNUAL IMPORT QUOTA OF
1.8 MILLION POUNDS BE TEMPORARILY INCREASED BY THE ESTAB-

LISHMENT OF A SUPPLEMENTAL QUOTA OF 265 MILLION POUNDS FOR THE CALENDAR YEAR 1974. IT OBSERVED THAT 265 MILLION POUNDS OF ADDITIONAL IMPORTS HAD ENTERED IN 1973 UNDER THE SUPPLEMENTAL QUOTAS WITHOUT ADVERSE EFFECTS ON THE DAIRY PRICE-SUPPORT PROGRAM AND, SINCE THE DEMAND/SUPPLY CONDITIONS IN 1974 ARE NOT LIKELY TO BE SIGNIFICANTLY DIFFERENT FROM THOSE IN 1973, THE SAME QUANTITY OF ADDITIONAL IMPORTS WILL BE NEEDED TO SUPPLY THE DEMAND THAT IS EXPECTED TO EXIST IN 1974.

(B) THREE OF THE FOUR COMMISSIONERS FAVORING THE ESTABLISHMENT OF THE SUPPLEMENTAL QUOTA SUGGESTED THAT IT BE ALLOCATED EQUALLY AMONG AUSTRALIA, NEW ZEALAND, CANADA AND MEMBER STATES OF THE EUROPEAN COMMUNITY. THE FOURTH SUGGESTED THAT THE QUOTA BE ADMINISTERED ON A GLOBAL BASIS WITH ONE HALF OF THE QUOTA BEING PERMITTED ENTRY DURING THE FIRST SIX-MONTH PERIOD ENDING JUNE 30, 1974 AND THE OTHER

HALF DURING THE SECOND SIX-MONTH PERIOD ENDING DECEMBER 31, 1974.

(C) ONE OF THE TWO DISSENTING COMMISSIONERS CONCLUDED THAT IMPORTS OF NONFAT DRY MILK COULD BE DECONTROLLED AND RECOMMENDED THAT THE REGULAR ANNUAL IMPORT QUOTA BE SUSPENDED. THE OTHER FOUND THAT ADDITIONAL IMPORTS WOULD ADVERSELY AFFECT EFFORTS TO OBTAIN ADEQUATE MILK PRODUCTION IN THE UNITED STATES, THEREBY INTERFERING WITH THE PRICE-SUPPORT PROGRAM FOR MILK CALLED FOR BY THE NEW FARM LEGISLATION (THE AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973), AND RECOMMENDED AGAINST ANY ACTION EITHER TO INCREASE OR SUSPEND THE ANNUAL IMPORT QUOTA.

2. (A) WITH REFERENCE TO THE ANNUAL IMPORT QUOTA FOR ANIMAL FEEDS CONTAINING MILK OR MILK DERIVATIVES, THE COMMISSION, BY A 4-2 VOTE, FOUND THAT ANY ACTION TO INCREASE OR SUSPEND THE QUOTA WOULD ADVERSELY AFFECT THE DAIRY PRICE-SUPPORT PROGRAM AND THEREFORE MADE NO RECOMMENDATION IN FAVOR OF PERMITTING ADDITIONAL IMPORTS. THE COMMISSION MAJORITY VIEW WAS THAT ANY INCREASE IN
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IMPORTS OF NONFAT MILK SOLIDS SHOULD BE CONCENTRATED IN THE FORM OF NONFAT DRY MILK WHICH COULD BE MADE AVAILABLE FOR USE AS AN INGREDIENT IN THE MANUFACTURE OF ANIMAL FEEDS, AS WELL AS OTHER PRODUCTS, IN THE UNITED STATES.

(B) ONE OF THE DISSENTING COMMISSIONERS DETERMINED THAT IMPORTS OF ANIMAL FEEDS CONTAINING MILK NEED NO LONGER BE RESTRICTED AND RECOMMENDED THAT THE REGULAR ANNUAL IMPORT QUOTA BE SUSPENDED. THE OTHER RECOMMENDED THAT THE REGULAR ANNUAL IMPORT QUOTA OF 16.3 MILLION

POUNDS BE SUPPLEMENTED BY THE ESTABLISHMENT OF A TEMPORARY ADDITIONAL QUOTA OF 13.7 MILLION POUNDS FOR THE CALENDAR YEAR 1974. THE TWO QUOTAS WOULD, IN THE AGGREGATE, TOTAL 30 MILLION POUNDS WHICH WOULD BE APPROXIMATELY THE QUANTITY IMPORTED IN THE LAST YEAR PRIOR TO THE IMPOSITION OF THE IMPORT-CONTROL PROGRAM.

3. GENEVA AND PARIS INFORM THE GATT AND OECD SECRETARIATS. OTHER ADDRESSEES SHOULD INFORM HOST GOVERNMENT OFFICIALS AS APPROPRIATE. KISSINGER

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Disposition Event:
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